

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7453

BILL NUMBER: HB 1279

NOTE PREPARED: Jan 8, 2015

BILL AMENDED:

SUBJECT: HERO plan.

FIRST AUTHOR: Rep. Lehman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: Establishes the Hoosier Employee Retirement Option plan (plan) to encourage Indiana residents to increase their rate of saving and to build assets for the use of participants and their survivors and beneficiaries after a participant's retirement. Establishes a plan board (board) with nine members: the treasurer of state, the auditor of state, the director of the office of management and budget, the commissioner of the department of labor, and five members appointed by the governor. Provides that the appointed board members serve four year terms and that the treasurer is the board chair. Requires the board to provide oversight for the plan, which is administered, operated, and managed by one or more investment managers, private financial institutions, or other financial and services providers selected by the board through a competitive bidding process. Requires the board to annually prepare and adopt a written statement of investment policy. Requires the board to submit an annual report to the governor and the general assembly concerning the operating and financial performance of the plan. Provides that the plan be audited annually by the state board of accounts, and may be audited by a certified public accountant, if the board determines it advisable. Establishes a plan administrative fund to pay any administrative expenses incurred in developing, implementing, and operating the plan. Requires that the plan be maintained as individual retirement accounts with contributions made by payroll deduction and be offered to employees who elect to enroll by employers that voluntarily choose to participate and do not offer any other kind of retirement plan. Provides that the state, the board, and participating employers are not fiduciaries for the plan and that the plan is not a debt, liability, or obligation of the state. Requires the board, before the plan takes effect, to oversee the design and dissemination to all employers eligible to participate in the plan information about the plan. Provides that the board maintain an Internet web site to assist employers in identifying private sector providers of available pension and retirement plans, if providers express interest in and provide the funding for the Internet web site.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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